

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 FEAE-00 SEC-03 PA-04 PRS-01 USIA-15 SAJ-01 L-03

H-03 AGR-20 DRC-01 /190 W  
----- 101719

R 121638Z JUL 74

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 0796

INFO AMCONSUL BORDEAUX

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL NICE

AMCONSUL STRASBOURG

UNCLAS SECTION 01 OF 02 PARIS 17046

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, EGEN, FR

SUBJECT: FRENCH FINANCIAL AND ECONOMIC DEVELOPMENTS

REF: PARIS A-360, JUNE 28, 1974

### 1. TRADE DEFICIT CONTINUES TO WIDEN IN MAY -

THE SEASONALLY ADJUSTED TRADE BALANCE IN MAY SHOWED A DEFICIT OF 3.1 BILLION FRANCS, THE HIGHEST YET IN A STRING OF DEFICITS BEGINNING IN JANUARY AND STEADILY INCREASING EXCEPT FOR A DIP IN MARCH. THE RAPID GROWTH IN EXPORTS (40 IN ONE YEAR) SLOWED, ADVANCING ONLY 2 IN THE MONTH OF MAY.

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INCREASING PETROLEUM COSTS ALSO DEPRESSED THE

MAY FIGURES. THE ADDITIONAL COSTS OF PRICE INCREASES SINCE OCTOBER WERE SAID TO ADD 2.9 BILLION FRANCS TO THE MAY IMPORT BILL COMPARED TO ABOUT 2.5 BILLION FRANCS IN MARCH. FOR THIS ONE MONTH, HOWEVER, THE TRADE ACCOUNT WOULD HAVE BEEN IN DEFICIT EVEN WITH OIL AT ITS OLD PRICE.

## 2. UNFILLED ORDERS DOWN IN JUNE -

THE MAJOR CHANGE FROM MAY IN ANSWERS TO THE INSEE (NATIONAL STATISTICS INSTITUTE) BUSINESSMEN'S JUNE SURVEY WAS A SUBSTANTIAL DROP IN REPORTED UNFILLED ORDERS FOR CONSUMER GOODS. THE DROP WAS PARTICULARLY GREAT IN FOREIGN UNFILLED ORDERS IN THIS SECTOR. CAPITAL GOODS AND INTERMEDIATE GOODS ORDERS WERE LITTLE AFFECTED. OVERALL, UNFILLED ORDERS REMAINED HIGH.

INVENTORIES CONTINUED TO GROW, BUT REMAINED BELOW NORMAL.

CONCERNING THE FUTURE, THE PROGNOSIS FOR INDUSTRY AS A WHOLE REMAINED THE SAME AS MAY - MODERATE GROWTH. EARLIER FORECASTS HAVE UNDERESTIMATED THE GROWTH OBSERVED THUS FAR THIS YEAR HOWEVER, AND RECENT FORECASTS HAVE REFLECTED A CERTAIN PESSIMISM DUE TO ELECTION UNCERTAINTIES. CONCERNING PLANS FOR THEIR OWN PRODUCTION, BUSINESSMEN REPORTED OVERALL THAT GROWTH IN OUTPUT WOULD BE SLOWED.

CONSUMER GOODS OUTPUT REMAINED CONSTANT, INFLUENCED BY A CONTINUING FALL IN AUTO PRODUCTION. INTERMEDIATE GOODS OUTPUT CONTINUED TO SHOW A SUBSTANTIAL RISE, AND CAPITAL GOODS OUTPUT MAINTAINED ITS BOOMING GROWTH.

## 3. UNEMPLOYMENT - STILL LITTLE CHANGE -

IN MAY REGISTERED UNEMPLOYMENT (CORRECTED FOR SEASONAL VARIATION) FELL FROM 425,000 TO 420,000, MAINTAINING ITS MOVEMENT WITHIN A RANGE OF 420,000 TO 430,000 THAT HAS BEEN OBSERVED SINCE SUMMER OF UNCLASSIFIED

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LAST YEAR. UNFILLED JOB OFFERS CONTINUED TO MOUNT, ADVANCING FROM 232,800 TO 251,400 IN MAY, A LEVEL APPROACHING THE EARLIER ALL TIME HIGH.

DURING THE COURSE OF A CONVERSATION WITH LABOR LEADER ANDRE BERGERON, PRESIDENT GISCARD D'ESTAING FELT CALLED ON TO DENY RUMORS THAT UNEMPLOYMENT WAS GOING TO INCREASE DRASTICALLY, SAYING "FEARS

CONCERNING EMPLOYMENT ARE VERY EXAGGERATED". THESE RUMORS HAVE BEEN FED IN PART BY A STATEMENT IN THE INTERIM ECONOMIC PLAN AND CITED BY THE PRESIDENT DURING HIS ELECTION CAMPAIGN THAT UNEMPLOYMENT COULD RISE BY 200,000 DURING THE COURSE OF THE YEAR. THE PLAN, PREPARED EARLIER THIS YEAR AT THE REQUEST OF THE LATE PRESIDENT POMPIDOU AND FORMER PRIME MINISTER MESSMER, HAS NEVER BEEN RELEASED TO THE PUBLIC.

4. STOCK MARKET DROPS -

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TO SECSTATE WASHDC 0797

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AMCONSUL STRASBOURG

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STOCK VALUES ON THE PARIS BOURSE HAVE DECLINED SUBSTANTIALLY IN RECENT WEEKS AFTER REMAINING RELA-

TIVELY CONSTANT DURING THE YEAR THROUGH MAY. THE  
1974 INSEE INDEX (END OF 1973100) STOOD AT 79 ON  
JULY 11.

5. CHECKING ACCOUNTS PROPOSED FOR SAVINGS BANKS -

FINANCE MINISTER FOURCADE PROPOSED THAT FRENCH  
SAVINGS BANKS (CAISSES D'EPARGNE) BE ALLOWED TO  
OFFER CHECKING ACCOUNTS OR SIGHT DEPOSITS DEBITED  
BY MONEY ORDER. HE ALSO SUGGESTED THAT SAVINGS BANKS  
FORM A VOLUNTARY ASSOCIATION TO ENCOURAGE INNOVATION.  
MEMBERSHIP WOULD INCLUDE REPRESENTATIVES FROM THE  
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SAVINGS BANKS, FROM THE CAISSE DE DEPOTS, AND OUTSIDE  
EXPERTS.

6. OTHER REPORTS SUBMITTED DURING THE PERIOD -

TELEGRAMS

PARIS 15831 JUNE 28,1974 IRAN TO ADVANCE \$1 BILLION  
TO FRANCE AS PREPAYMENT  
ON INDUSTRIAL ORDERS

PARIS 15873 JUNE 28, 1974 FOLLOW-UP ON NEW ECONOMIC  
AND SOCIAL MEASURES BEGINS

PARIS 16416 JULY 5, 1974 DISCUSSION OF EMINENT PERSONS  
REPORT AT OECD INVESTMENT  
EXPERTS MEETING

PARIS 16444 JULY 5, 1974 ECONOMICS MINISTER FOURCADE  
ON DOMESTIC AND INTERNA-  
TIONAL ECONOMIC PROBLEMS

PARIS 16989 JULY L2, L974 PRIME MINISTER CHIRAC  
ON ECONOMIC AND FINANCIAL  
MATTERS

AIRGRAMS

PARIS A-364 JUNE 28, 1974 FRENCH FOREIGN EXCHANGE  
HOLDINGS

PARIS A-372 JULY 5, 1974 FRENCH FOREIGN EXCHANGE  
HOLDINGS

PARIS A-383 JULY 11,1974 FRENCH RESERVES IN JUNE  
1974

PARIS A-386 JULY 12, 1974 ECONOMIC TRENDS IN FRANCE  
AND THEIR IMPLICATION FOR  
THE UNITED STATES

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PARIS A-389 JULY 12, 1974 FRENCH FOREIGN EXCHANGE  
HOLDINGS

IRWIN

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## Message Attributes

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